

An eagle's head is on the left, and a portion of the American flag is on the right, both set against a dark blue background with white stars.

TACOM/INDUSTRY LOGISITCS SYMPOSIUM

LOGISTICS STRATEGIES TRANSFORMING THE FUTURE

**Logistics Chain Management & End-
to-End Visibility in a Homeland
Security Environment**

March 17. 2004

Russell A. Vacante, Ph.D.

Director, Sector Leadership, Defense Acquisition University

President, SOLE - The International Society of Logistics



Demographics of Urbanization



**In 2004,
Pace of Urbanization
In the Developing World
Was Twice
Is Great As
In the Developed
World**

**Worldwide, Urban
Growth Rate 2.5%
Today Expected
To Stabilize
At 2% by 2020**

**In 1990,
12 Mega-cities
Worldwide
(8 in Developing
World)**

**By 2025,
More Than
66% of the Developing
World's Population
(4.4 Billion) Will
Live in Cities**

**Urban Population
Will Increase by
93 Million Annually**

**Spectacular
Growth and
Size of "Mega-cities"
-- 10 Million or
More People**

**Between
1950 and
1990, 500% Increase
In the Number of
Urban Residents
In Developing
Countries**

**37% of
The Developing
World's Population
(1.5 Billion People)
Live in Cities**

**By 2025,
Africa's
Urban Population Is
Expected to Be 300%
Larger Than
North America's**

**Shift From
Rural-based
To Urban Based
Societies**

**By 2015,
27 Mega-cities
(23 in Developing
World)**

The Trends in Global Urbanization Are of Importance to Many Civilian and Military Organizations. Implications Are Recognized and Carefully Analyzed

The World is Changing

Demographics

- Population Growth From 6 Billion to 8 Billion in 2025
- Teens and Young Adults Will Dominate Many Societies
- Global Migration Will Accelerate

Economics

- World's GDP Doubles by 2025
- EU, N. America, Asia-Pacific Rim Remains Center of Power
- Governments Seek Increased Regional Harmonization of Economic and Trade Policy

Environmental & Health

- Environmental Issues Linked Closely to Security Issues
- Disease Containment and Suppression Will Be Challenged by Migration, Urbanization

Geopolitics

- Fragmentation of States Along Tribal, Religious, Ethnic Lines Creates Proliferation of New States
- Migration Will Further Destabilize Existing States
- Most States Loosely Aligned in Regional Political, Economic Associations Such As ASEAN and Gulf Coordination Council
- Non-state and Transnational Actors/Forces Will Have Increased Influence

Energy

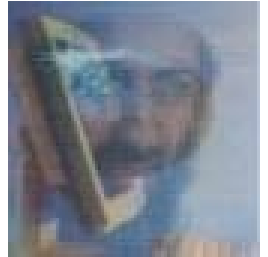
- Petroleum Remains World's Most Important Energy Source
- Persian Gulf Remains Most Important Source of Oil
- World Oil Production Will Peak Between 2010-2020 - - Energy Demands Increase

Technology

- Improvement life-cycle of high-tech systems will continue to contract
- Distinction between commercial and military R&D blurs
- Many benefits from R&D efforts of others
- Difficult to hide technological breakthroughs from others
- Technological breakthroughs could have dramatic strategic implications

Logistics Chain Management and Homeland Security

Why address these two subjects together?



- ✓ Both are recently effected by terrorist activity
- ✓ Security measures taken since September 11, 2002 impact homeland security and logistics chain management in similar ways
- ✓ A convergence of interests exist between homeland security and logistics chain management systems
- ✓ Ethics is critical to maintaining a check & balance between homeland security and logistics chain management matters and democratic values in the U.S.
- ✓ Many corrective action safeguards are the same or similar

LOGISTICS CHAIN & HOMELAND **SECURITY MEASURES**

- Increase use of information technology – *information and network security*
- Greater use of security guards – *time delay due to inspection procedures*
- More inspections – *decreased efficiency and productivity*
- Increase requirements for tracking documentation – *additional paper work and compliance measures*
- More comprehensive background checks on personnel – *missed opportunities*
- Greater collaboration at all levels and between government & industry (obtain, share & store information) – *decreased customer-centric service*

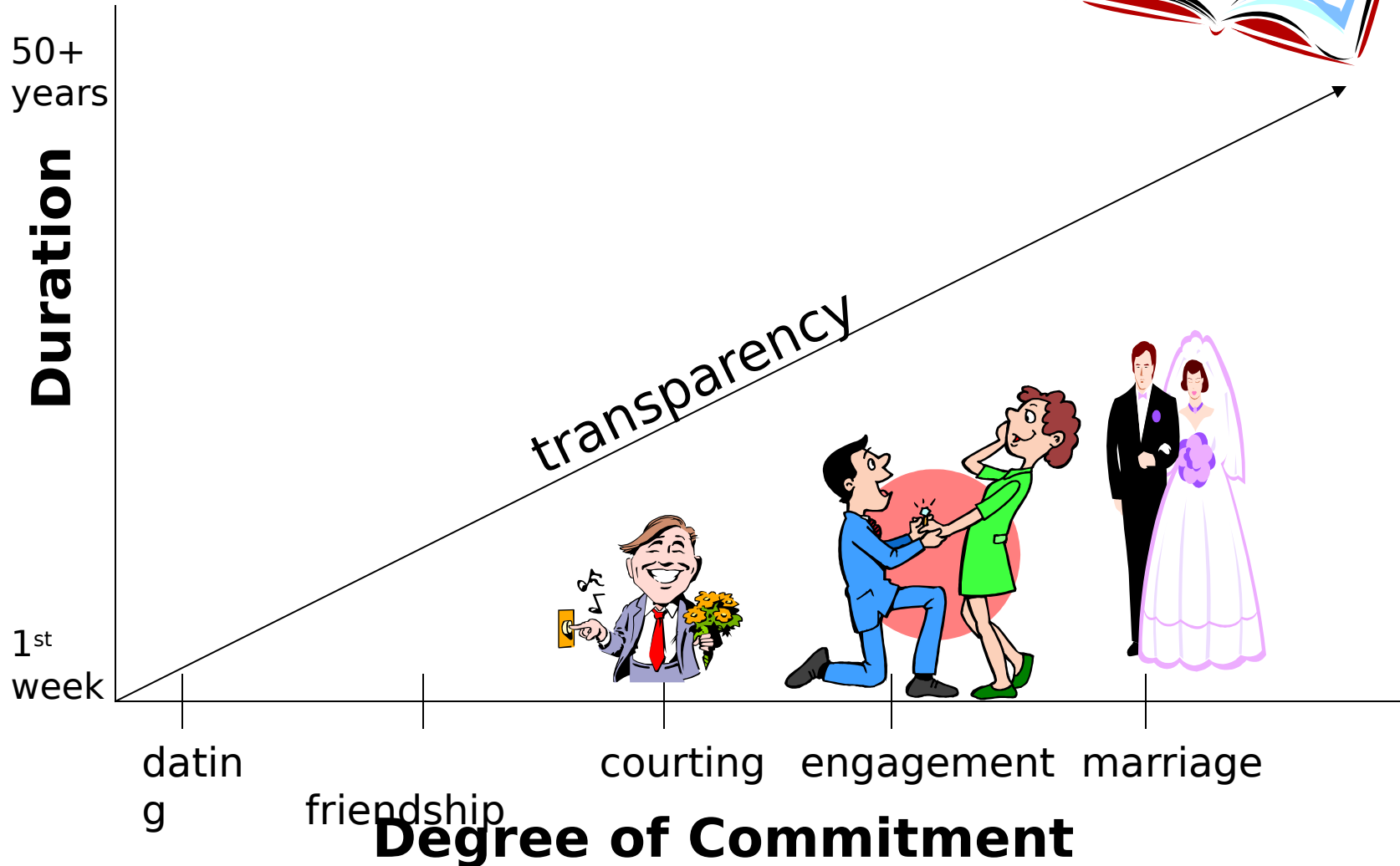
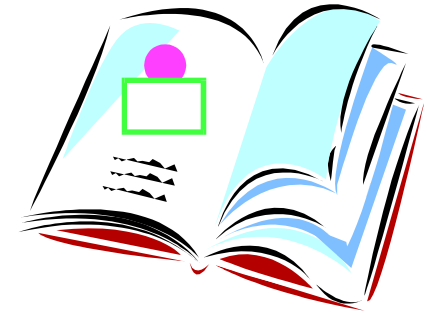
Convergence of Homeland Security & Logistics Chain Interest

- We need to acknowledge the convergence of interest between government and industry regarding security:
 - freedom from terrorist attack
 - seamless flow of people and cargo
 - standardization of inspection procedures and methods
 - information security
 - transportation security
 - national welfare
 - national stature
- Transparency has emerged as the management tool of choice for both homeland security and logistics chain management security



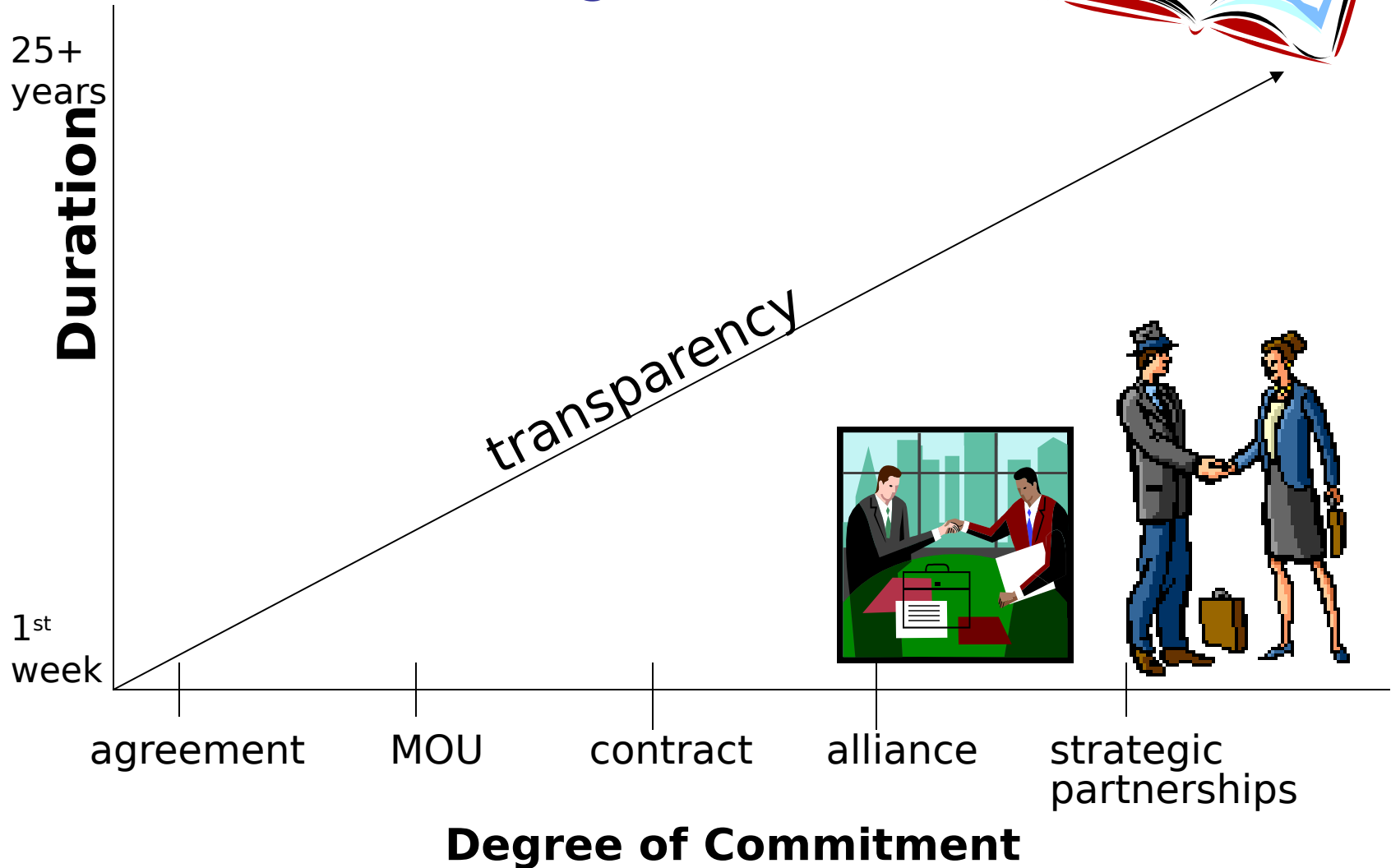
Ethics

Marital Relationship



Ethics

Logistics Chain Management

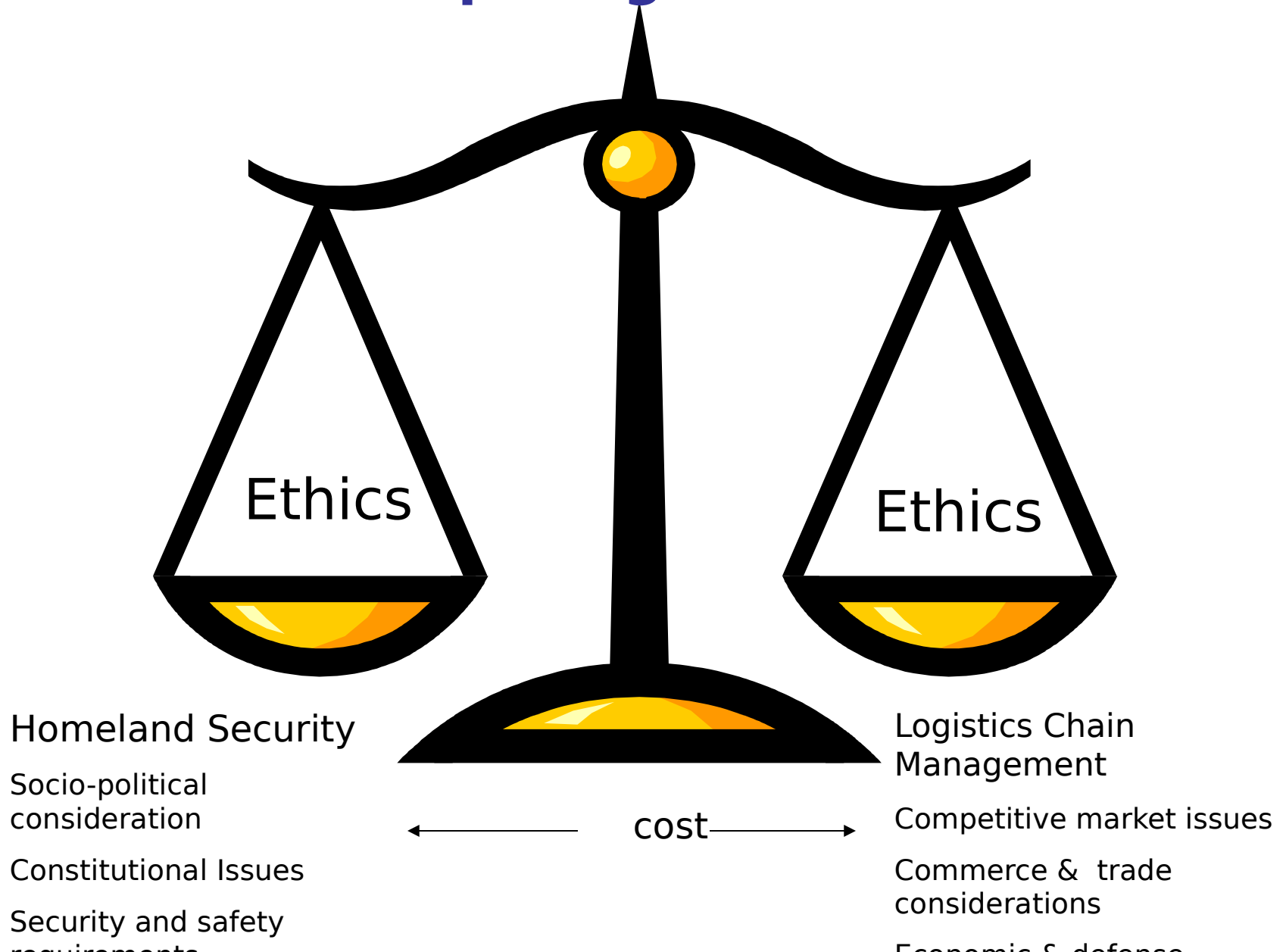


TRANSPARENCY

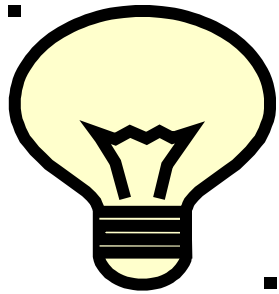
- ✓ Is more readily available as a result of e-commerce and defense security systems
- ✓ Benefits the logistics chain management process and homeland security measures_
- ✓ It can be risky to commerce and defense ---possibly to democracy itself

WHAT ARE SOME OF THE TRADE-OFFS?

Homeland Security -- A Challenge to Balance Competing Societal Forces



Homeland Security



Strategic thinking required!



- Demographics
- Economic
- Environment & Health
- Geopolitical
- Energy
- Technology

-How much information should be made available?

-Who should have access to it?

-What are the societal consequences?

-Collateral consequences as measured in terms of time, access, technology, and quality of life issues such as

Homeland Security

Socio-political consideration

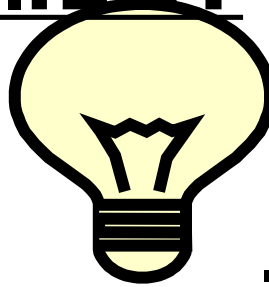
Constitutional Issues
Security and safety requirements

Logistics Chain

Management

Competitive market issues
Commerce & trade considerations
Economic & defense requirements

LOGISTICS CHAIN MANAGEMENT



Strategic thinking
required!

Homeland
Security
Socio-political
consideration
Constitutional
Issues
Security and
safety

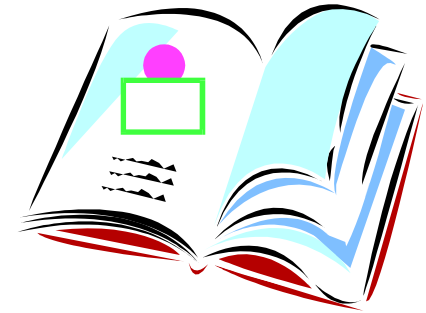
Logistics Chain
Management
Competitive market
issues
Commerce & trade
considerations
Economic & defense
requirements

-Demographics
-Economic
-Environment & Health
-Geopolitical
-Energy
-Technology

**How much information should
be made available?**
-Who should have access to it
**-What are the societal
consequences?**

**Collateral consequences
as measured in terms of
time, access, technology,
and quality of life issues
such as environment?**

Ethics



Codes of ethics:

- ✓ “Treat others as you would like to be treated”
 - Suggests that there is a standard
 - Suggests that people follow the standard willingly
- ✓ Everyone abides by a code of ethics – I may not know how to define it, but I know it when I see it!
- ✓ Partnerships in domestic relationships are similar to partnership in the logistics chain management business—ethics is ethics!

CORRECTIVE ACTION SAFEGUARDS IN THE 21ST CENTURY

An Approach:

- **U**se tools that make transparency readily available
- **A**dopt a Customer Relationship Management (CRM) Plan
- **T**hink and Plan strategically
- **E**stablish ethics as a standard code of conduct that all can understand and agree to
- **D**evelop strategic alliances for the long-term
- **I**mplement security measures that do not have a tendency to erode our constitutional privileges nor our societal values
- **U**nderstand the role of advanced technology and what it can and can not do to improve security

SUMMARY

- Ethics is the cornerstone upon which strategic partnerships are built.
- Strategic alliances and partnerships in homeland security and logistics chain management can improve the productivity and security of each.
- End-to-end thinking is necessary for the correct implementation measure for homeland security and logistics chain management.
- An effective CRM plan mitigates loss in cost, schedule, and performance.
- Homeland Security and Logistics Chain Management issues have more in common than not.



CONCLUSION

**Let's get on
with securing
the global
logistics chain
without
undermining
the very values
for which our
soldiers fight
and sometime**